

Edwards,Michelle

From: Elliott,Earl
Sent: Tuesday, August 16, 2016 3:02 PM
To: Bennett,Duke A
Cc: Ellis,Leslie; Azar, George; Auler,Amy; DeBaun,Curtis; Crossen,Martha; Don Morris; Neil Garrison; Nasser,Karrum; Nation,Todd; Edwards,Michelle
Subject: Fw: 2017 BUDGETS
Attachments: 0641_001.pdf

All, Please see attachment. Just wanted to get my thoughts out there now that budget time is around the corner. I will also be mailing everyone a copy.

Michelle, Please post on Council website if this is a public document.

Thanks, Earl

FILED

AUG 16 2016

CITY CLERK

From: contact@sackrider.com <contact@sackrider.com>
Sent: Tuesday, August 16, 2016 2:52 PM
To: Elliott,Earl
Subject: 2017 BUDGETS

Mayor Duke Bennett
City Hall
17 Harding Avenue
Terre Haute, IN 47807

Re: 2017 Budgets and Cash Balances

Dear Mayor Bennett:

I thought I should provide my thoughts and concerns about the 2017 budgets and the cash balance deficiencies.

My most pressing concern is the amount of general fund revenue in 2016 and 2017 from the Waste Water Utility for PILOT and administrative service. Will the 2016 budgeted amounts of \$5,000,000 and \$1,232,000 be received? Based on everything I have heard and read, I just don't have any idea. What will the budgeted amounts for 2017 be? It is very important to me that the 2016 and 2017 amounts for these sources of revenue be agreed to by all relevant parties before voting on the 2017 budget.

In early 2016, considerable Council discussion occurred concerning the City's overall low level of cash balances including the general fund in particular. My notes indicate we concluded the general fund cash deficit at December 31, 2015 of \$8,800,000 plus a desired ending cash balance of \$6,000,000 indicates of \$14,800,000 shortfall to be recovered over a reasonable number of years. Using five years, a surplus of \$3,000,000 per year works. Considering this, my support for the 2017 general fund budget will require the following:

1. The 2017 budget reflects a surplus of \$2,700,000. This amount plus a \$300,000 underspend achieves the \$3,000,000 goal.
2. All sources of 2017 budgeted revenue will be estimated at reasonable amounts so that the total 2017 revenue goal is achievable.
3. The 2017 budgets of all other funds combined net to a surplus of \$2,000,000. I believe this is necessary to start to refill the pooled cash balance.

I am aware of the \$2,000,000 loan in April 2016 from the WWTP-CI fund (Fund #610) that was repaid on July 1, 2016. These transactions indicate the balances of the pooled bank accounts may have been at dangerously low levels in April and May 2016 in spite of the following abnormal revenues received:

Mayor Duke Bennett
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1. Fund 257 - LOIT Special Distribution - \$1,711,351 received May 2016.
2. Fund 270 – EMS Non-reverting - \$885,000 of Medicare reimbursements received for 2013 in February 2016.
3. Fund 404 – EDIT – Significant amount of revenue in excess of disbursements for the six months ended June 30, 2016. The cash balance of the EDIT fund at June 30, 2016 is \$1,440,000 greater than the December 31, 2015 balance.

I do believe the \$2,000,000 of trash fee revenue will go a long way to enable the \$3,000,000 general fund surplus.

Please contact me with your questions, comments, concerns, etc.

Very truly yours,



O. Earl Elliott, CPA

cc: Leslie Ellis, City Controller ✓
All City Council Members ✓